

Statement of Rep. Rush Holt
On H.R. 3, the Northern Route Approval Act
Natural Resources Committee Markup
April 24, 2013

Thank you.

Mr. Chairman, the bill we are considering today represents a complete disregard of the impacts tar sands oil can have on our climate, our environment and our economy. Barely 3 weeks ago, an Exxon pipeline carrying oil from the tar sands region of Canada ruptured in Arkansas. As much as 7,000 barrels of oil may have spilled into neighboring communities and the environment. We already know that tar sands oil can pose greater cleanup challenges. For instance, cleanup of the 2010 Enbridge pipeline spill of tar sands oil is still ongoing and the cost is approaching \$1 billion.

But rather than ensuring that if we are going to build the Keystone pipeline to transport this dirty oil across the United States that we first have the proper protections for our environment, this bill would take us in the complete opposite direction. All while doing nothing to ensure that Keystone oil would enhance our energy security.

In fact, there is nothing whatsoever in this bill to require that Keystone oil actually stays in the United States. That is unacceptable.

The proposed pipeline would transport tar sands oil from Canada through the United States to refineries in Texas, where it could be exported to China, Europe, and Latin America. The pipeline would end in Port Arthur, Texas, which is a

foreign free trade zone, where the oil and refined fuels could potentially be exported without having to pay any excise taxes.

60 percent of the gasoline and 42 percent of the diesel produced at Texas Gulf Coast refineries was exported last year. If we are going to ask the United States to bear all of the environmental risk of transporting this dirty oil, we should at least ensure that the American people see some benefit. That is why I will be offering an amendment today to ensure that all of the oil and refined fuels transported through the Keystone pipeline stays in the United States.

And the Majority's legislation would continue to ignore the lessons of the recent Exxon pipeline spill in Arkansas and the Enbridge tar sands spill in Michigan. This legislation would do nothing to close a loophole that currently allows tar sands oil to avoid paying taxes into our oil spill cleanup fund.

Because of a misguided IRS ruling that tar sands oil is, unbelievably, *not oil* for purposes of paying into the Oil Spill Liability Trust Fund, it currently gets a free ride through U.S. pipelines. The Government Accountability Office has already warned us that the Oil Spill Trust Fund is at risk of running out of money because of the cost of recent major cleanup efforts. We should close this tar sands tax loophole to help ensure that the oil spill cleanup fund has the revenue it needs to respond to spills.

The Obama Administration has proposed to close this loophole in its budget request. I will be offering an amendment later today that would close the tar sands

tax loophole and ensure that companies importing tar sands oil pay into the fund for cleaning up spills.

Democrats will also offer an amendment to ensure that the Keystone pipeline does not go forward until a determination is made that regulations are in place to guarantee the safety of transporting tar sands oil. The 2011 Pipeline Safety Act that passed the House by voice vote required a review of these regulations to ensure they were sufficient for tar sands oil and the issuance of a report, which is currently being conducted by the National Academies of Science, on whether tar sands oil is more corrosive to pipelines. Given the recent pipeline spills of tar sands oil, we should ensure that our regulations are sufficiently protective before rushing forward with Keystone.

I yield back.